

FY 2017 Six Plus Six Financial Report & FY 2018 –FY 2022 Five Year Financial Forecast



City Council “B” Session
May 10, 2017

Presentation Overview



Federal & State Budget Update



FY 2017 6+6 Budget and Finance Report



Five Year Forecast



Mid – Year Budget Adjustments

Federal Budget Blue Print

March 2017

\$18
Million
Annual
Reduction in
Grants

plus

\$36.2
Million
HUD 108
Outstanding Loan
(\$4.5 M annual
payment thru
2026)

**\$18
Million
in Annual
Reduction**

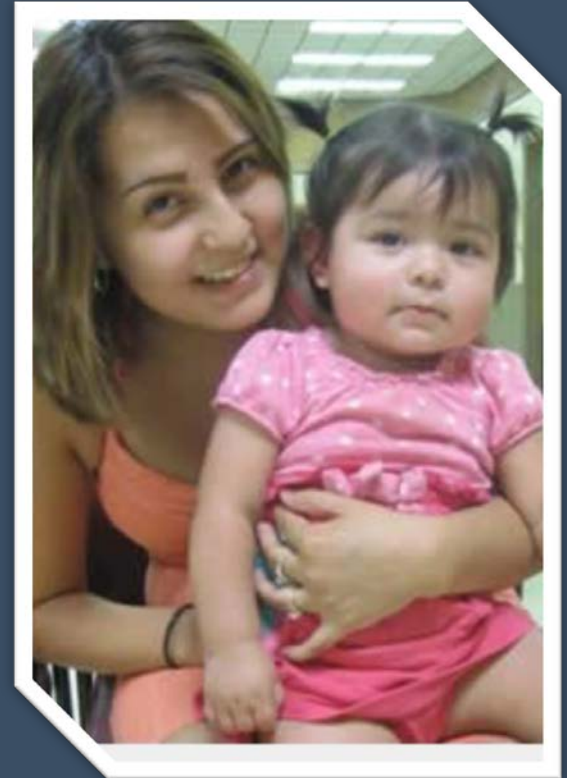
Grant (\$ in Millions)	Annual Amount	City Positions
Eliminates Community Development Block Grant	\$11.5	35
Eliminates HOME Investment Partnership Program	3.8	9
Eliminates Community Services Block Grant	2.0	26
Reduces Supplemental Nutrition Program for Women, Infants, and Children (WIC) by 5.9%	0.4	6
Total	\$17.7	76

CDBG/HOME Reprogramming

- In light of federal cuts, Planning and Finance staff recently finalized detailed review of entitlement funding and program Income for the past 13 years (FY2004 to FY2017)
- Reprogramming available:
 - \$560,000 on average per year in CDBG
 - \$143,000 on average per year in HOME
- Briefing to the Council Housing Committee scheduled on May 24

Women, Infants & Children (WIC)

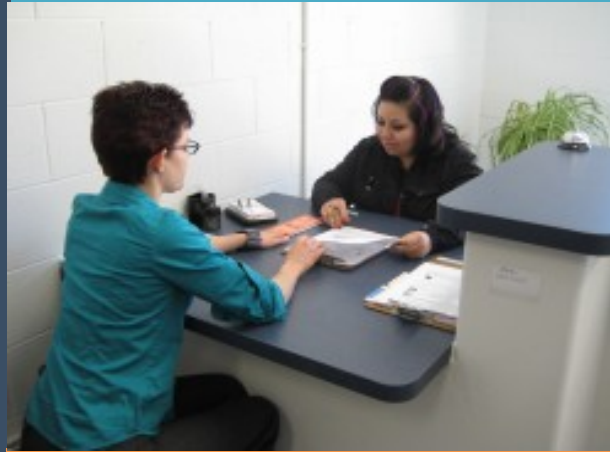
- FY 2017 WIC budget is \$6.3M
- Participation declined sharply starting December 2016
- Staff adjustments
 - Holding 11 vacant
 - Proposed reduction of 2 vacancies
- Implementing aggressive marketing plan aimed at increasing WIC participation planned for summer



Impact of Federal Budget Blue Print on COSA Partners



After School
Programs and
Challenge



Utility Assistance
for Low Income
Households



Support Services
to Seniors

State Budget – Revenue Caps

8%

Current
Rollback
Rate

4%

Initial
proposal
(January 2017)

5%

Senate
approval
(April 2017)

3% Plus
Inflation

House
proposal
(May 2017)



Had a revenue cap been in place during the past decade

**\$163 to
\$300
Million**

Less revenue to
the City over
10 years

**\$43 to
\$58
Million**

Smaller
General Fund
in FY 2017

**\$2.33 to
\$4.30
Dollars**

Monthly average
savings to City
average Homeowner₉

\$58 Million

in the General Fund pays for

Hiring 580
Police Officers

More than
the Parks
Budget of \$50
Million

More than the
Library Budget
of \$40 Million

Potential Impact of “Bathroom Bill”

\$411.9 M
annually

Loss of
economic
activity

4,650

Jobs lost

\$135 M

Economic
activity from
NCAA Final
Four

✓ Potential effect on Metropolitan Statistical Area as a result of less out of state travel

✓ Potential effect on San Antonio as a result of relocation of the Final Four

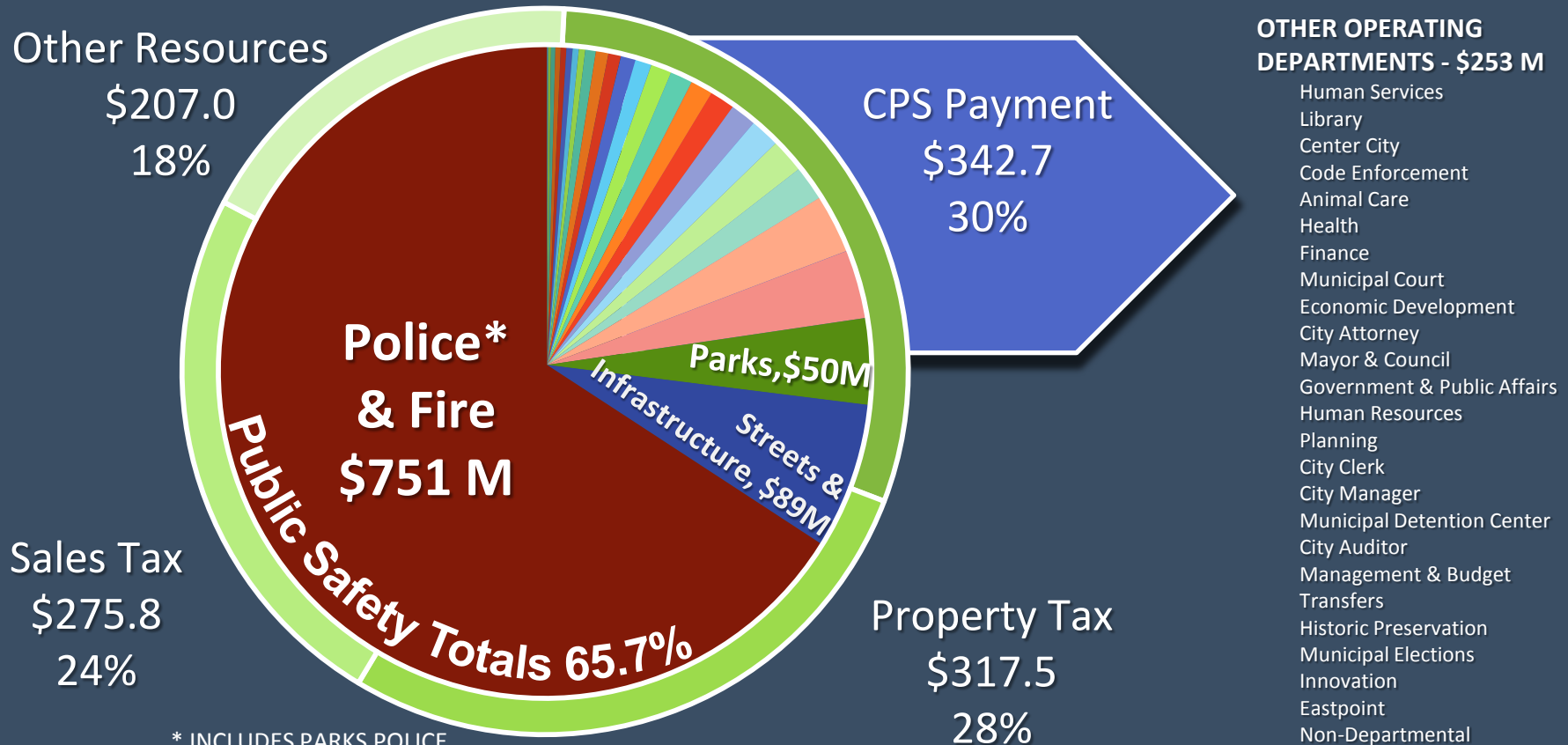
FY 2017 Six Plus Six Financial Report



FY 2017 Total City Budget: \$2.5 Billion



FY 2017 General Fund Budget: \$1.14B



General Fund

FY 2017 Six Plus Six Projections



- Overall \$8.2M better in general fund ending balance since FY 2016 Year End Report presentation in December 2016
 - \$2.9M in slightly more revenues
 - \$5.3M in department savings

General Fund

FY 2017 Six Plus Six Projections



Budget is
Balanced



Revenues
slightly ahead
of budget



Savings in
Departments

FY 2017 General Fund Revenues

\$2.9 Million in projected additional revenue

Revenue Source (\$ in Millions)	FY 2017 Adopted Budget	FY 2017 6+6 Estimate	Variance
Property Tax	\$317.5	\$317.5	\$0
Sales Tax	275.8	275.8	0
CPS	342.7	341.1	(1.6)
Other	199.3	203.8	4.5
Total	\$1,135.3	\$1,138.2	\$2.9

FY 2017 General Fund Property Tax Revenue (\$ in Millions)



2nd Quarter Results

Budget	\$290.1
Actual (<i>Oct to March</i>)	\$290.1
Variance	\$0

FY 2017 Estimate

Budget	\$317.5
Projection (<i>Oct to Sept</i>)	\$317.5
Variance	\$0

FY 2017 General Fund Sales Tax Revenue (\$ in Millions)

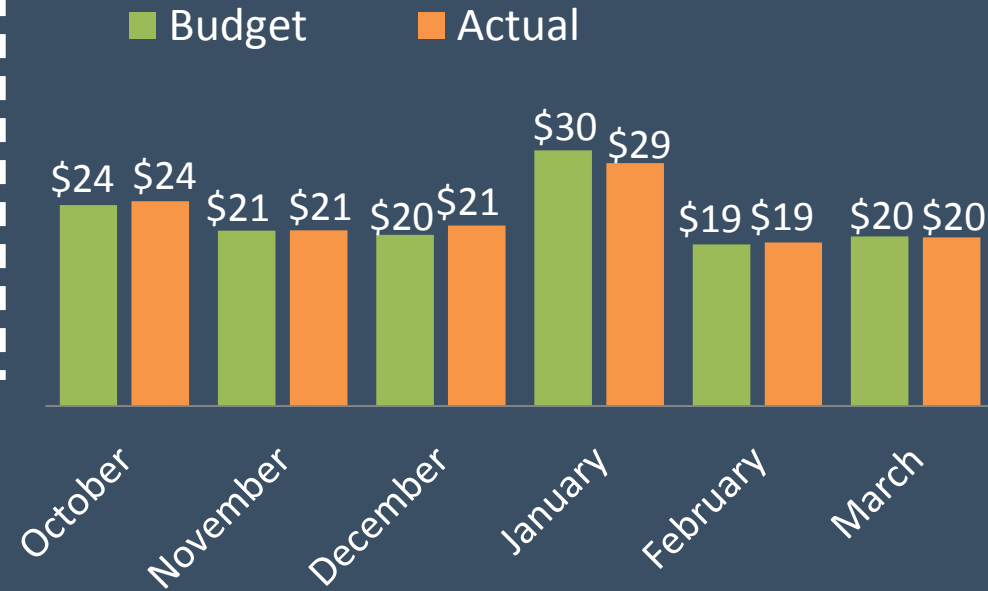


2nd Quarter

FY 2017 Estimate

Budget	\$134.8
Actual (Oct to March)	\$135.0
Variance	\$0.2

Budget	\$275.8
Projection (Oct to Sept)	\$275.8
Variance	\$0



Texas Cities Sales Tax Revenues

City	2017 Jan to May (% changes over 2016)
Austin	4.51%
Dallas	3.79%
Houston	-0.24%
Fort Worth	7.1%
San Antonio	2.57%



Note 1: May receipts reflect March Sales Tax
Source: Texas Comptroller of Public Accounts

FY 2017 General Fund CPS Revenues (\$ in Millions)

2nd Quarter Results

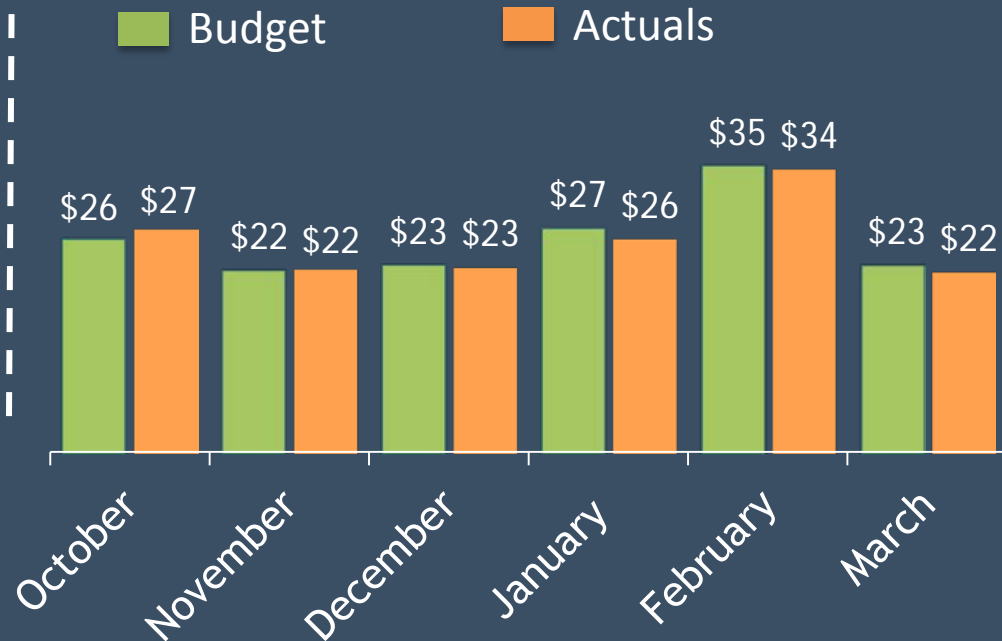


Budget	\$156.2
Actual (<i>Oct to March</i>)	\$154.6
Variance	\$(1.6)

FY 2017 Estimate



Budget	\$342.7
Projection (<i>Oct to Sept</i>)	\$341.1
Variance	\$(1.6)



General Fund Expenditures

FY 2017 Six Plus Six Projections

- Less Expense in Department Budgets of \$5.3M or 0.5% of total General Fund
 - Injunction on FLSA Overtime
 - Less Fuel expense
 - Overall Departmental Expenditure Savings

FY 2018 to FY 2022 Five Year General Fund Forecast



What is the Financial Forecast?



Early financial outlook for the City as the budget development process begins for FY 2018



Initiates Council Policy discussions for budget



Financial Forecast is not a budget

General Fund Five Year Financial Forecast



- Structurally Balanced
- Overall General Fund revenues projected to increase by 3% while expenditures projected to grow by 2.7% on average every year of forecast



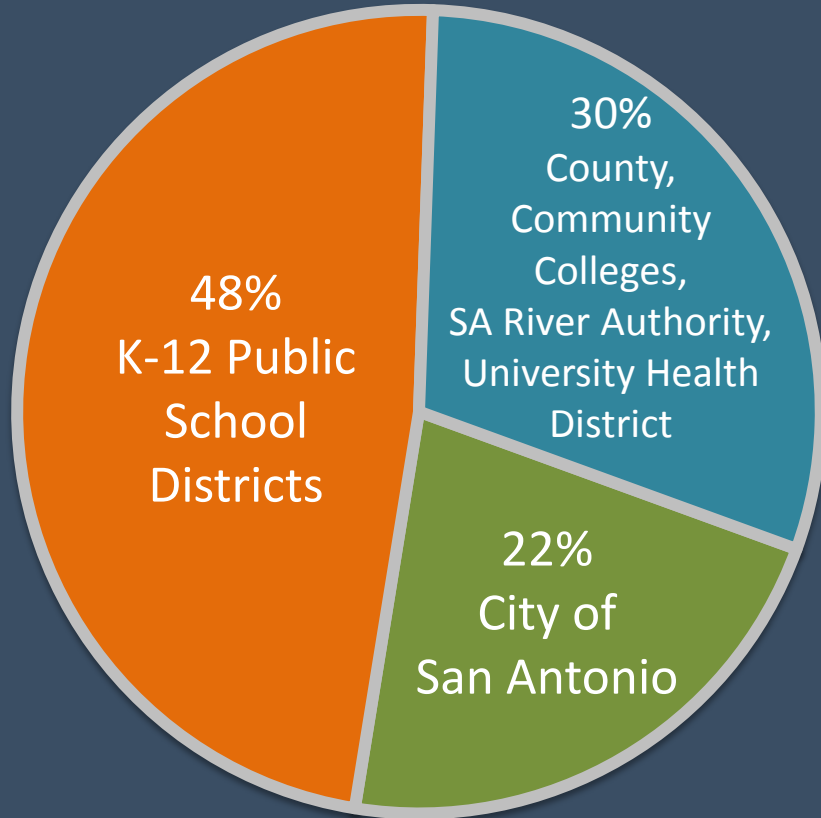
Property Tax Value Growth

Property Tax Value Growth	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Base Valuation	3.34%	2.5%	1.5%	1.5%	1.5%
New Improvements	3.04%	1.5%	1.5%	1.5%	1.5%
Total	6.38%¹	4.0%	3.0%	3.0%	3.0%

Note 1: After appeals, protests, and corrections

City Property Tax rate of 55.83 cents per \$100 in valuation is maintained during the forecast period

Distribution of Property Tax Bill

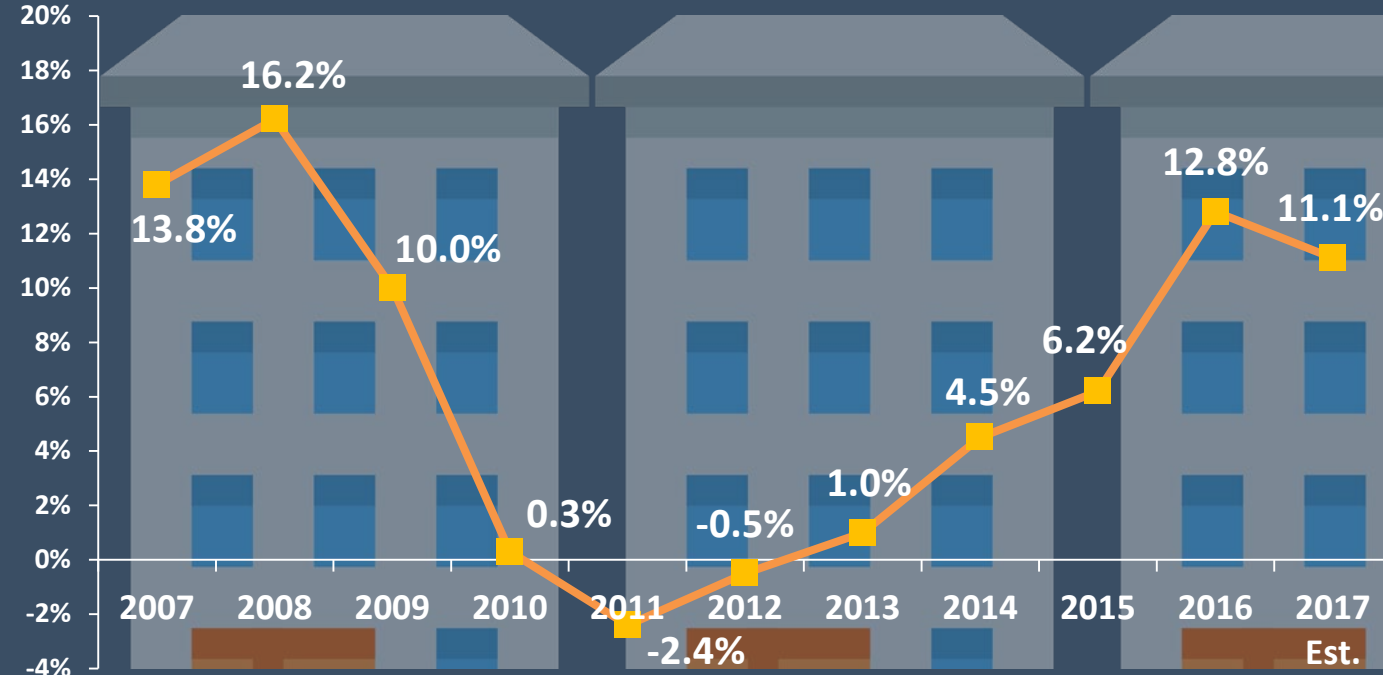


- The City of San Antonio receives approximately 22% of the property tax bill

Property Tax – Taxable Valuation

% Change from Prior Year Actual

10 Year Property Tax – Taxable Valuation History



Property Tax Valuation Projections

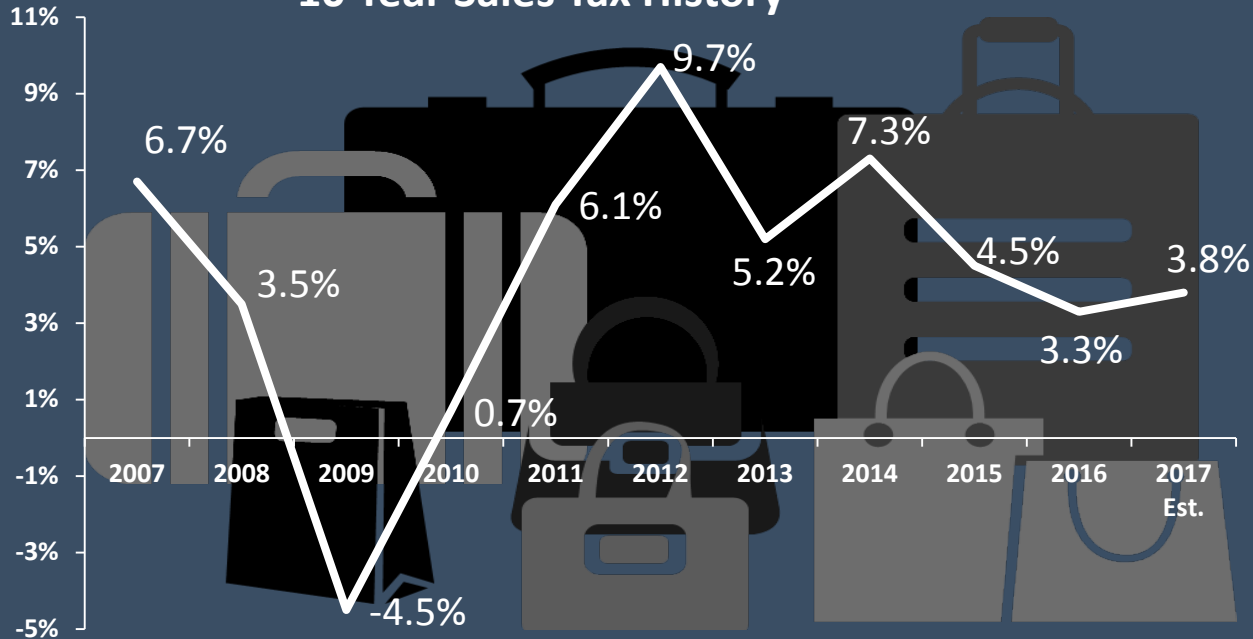
FY 2018	6.4%
FY 2019	4.0%
FY 2020	3.0%
FY 2021	3.0%
FY 2022	3.0%

City's Property Tax Rate has not been increased in the last 24 years, it has been decreased 4 times since 2007

Sales Tax

% Change from Prior Year's Actual Collections

10 Year Sales Tax History



Sales Tax Projections

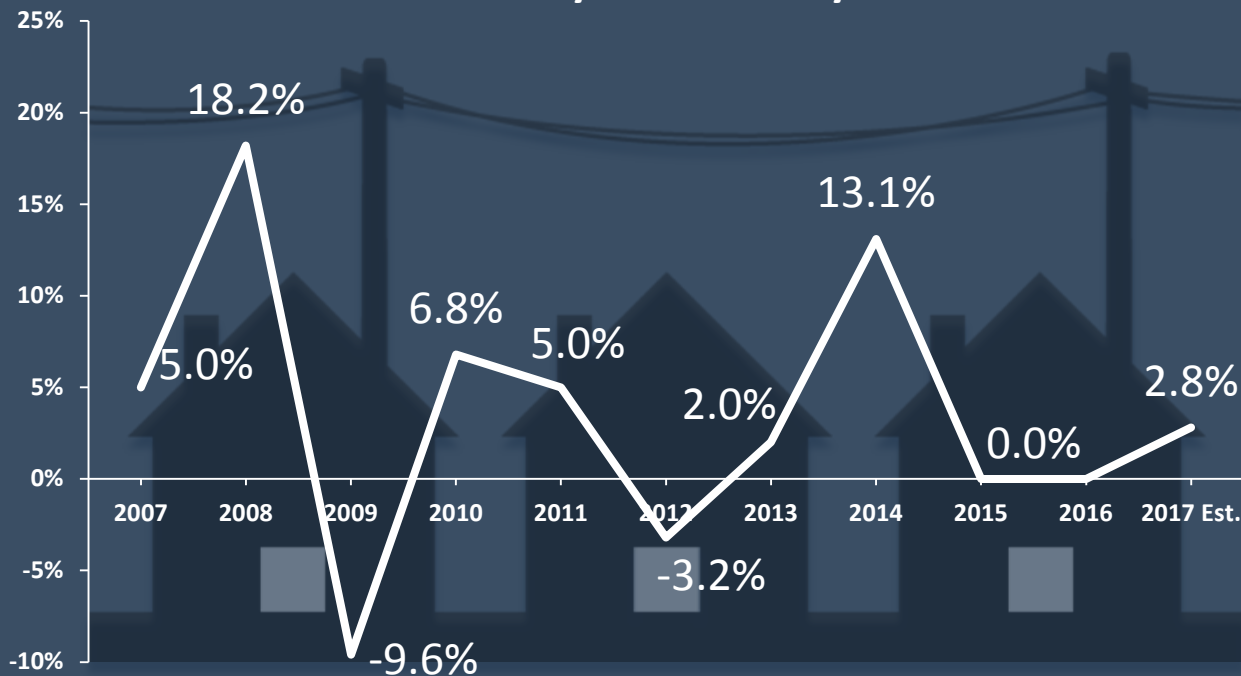
FY 2018	3.5%
FY 2019	3.5%
FY 2020	3.5%
FY 2021	3.5%
FY 2022	3.5%

The Five Year Forecast projects a 3.5% average annual growth in sales tax revenue

CPS Payment to City

% Change from Prior Year's Actual Collections






10 Year CPS Payment History







CPS Payment Projections

FY 2018	3.3%
FY 2019	3.0%
FY 2020	3.0%
FY 2021	2.5%
FY 2022	2.5%

General Fund Assumptions

-  Maintains current level of service
-  Maintains General Fund Ending Balance at a minimum of 15%
-  Structurally Balanced – Revenues sufficient to cover Expenditures
-  Includes Operations and Maintenance Costs for FY 2017 Bond Program
-  Continues 3-Year implementation of SA Tomorrow

General Fund Assumptions

-  Reflects new Collective Bargaining Agreement with Police and Evergreen for Fire
-  Includes required increase in City contribution to Fire and Police Pre-Fund Retiree Healthcare Fund
-  Includes Step Pay Plan and Performance Pay for Civilian & Maintains Civilian Entry Wage at \$13.75
-  Includes Revenues and Expenses associated with the I-10 West Full Purpose Annexation

General Fund - 5-Year Forecast (\$ in Millions)

- Forecast structurally Balanced before policy issues

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projected Resources ^a	\$1,246.3	\$1,273.4	\$1,305.1	\$1,349.4	\$1,386.8
Projected Expenses ^b	1,231.3	1,264.8	1,304.8	1,343.7	1,375.1
Available for Policy Issues	\$15.0	\$8.6	\$0.3	\$5.7	\$11.7

- Policy Issues in total exceed available balance

<i>Maintain Streets at \$64 M</i>	10.0	14.1	14.1	14.1	14.1
<i>Police - 25 New Officers/Year</i>	1.7	3.8	6.6	9.8	13.1
<i>Fire - 1 EMS Unit, 3 Ladders & 57 New Firefighters</i>	3.3	4.6	6.4	9.2	10.3
Total Policy Issues	\$15.0	\$22.5	\$27.1	\$33.1	\$37.5

a) Includes Use of Reserves from Prior Fiscal Year

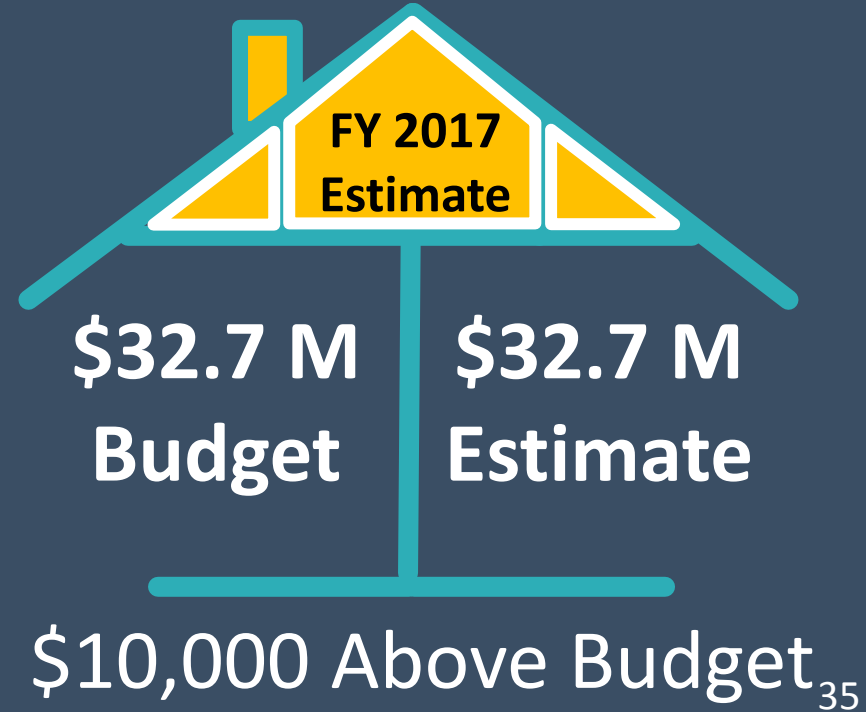
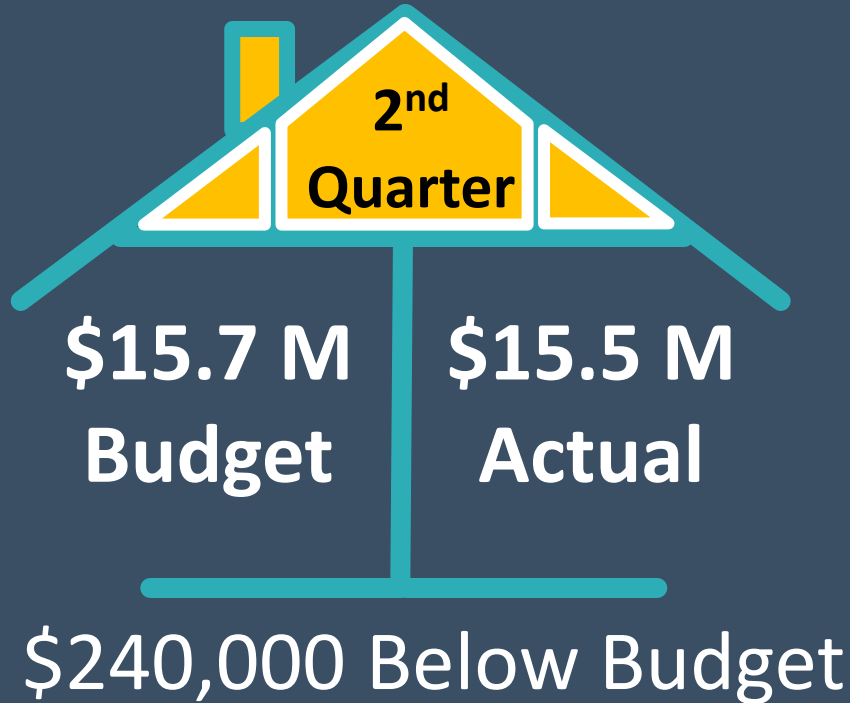
b) Includes Set Aside of Reserves for Following Fiscal Year

FY 2018 to FY 2022 Five Year Forecast – Development Services



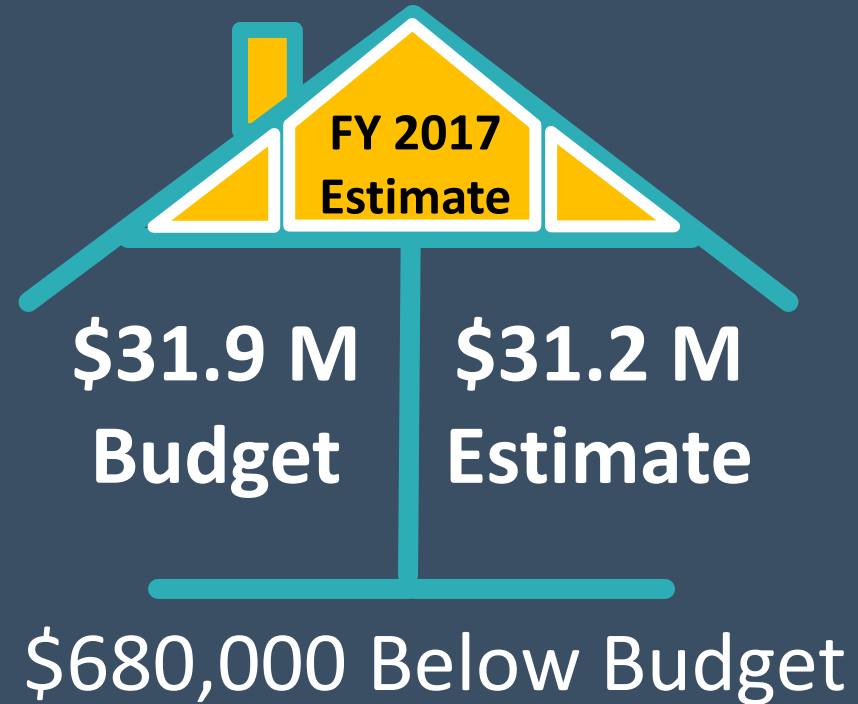
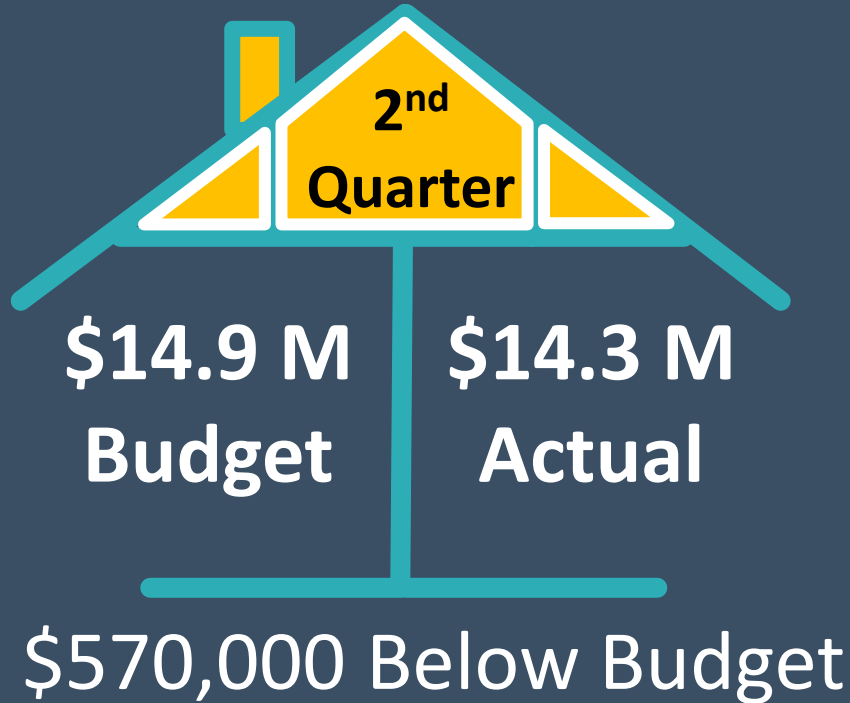
FY 2017 Development Services Fund Revenues

2nd Quarter Financial Results



FY 2017 Development Services Fund Expenditures

2nd Quarter Financial Results



Development Services Fund (\$ in Millions)

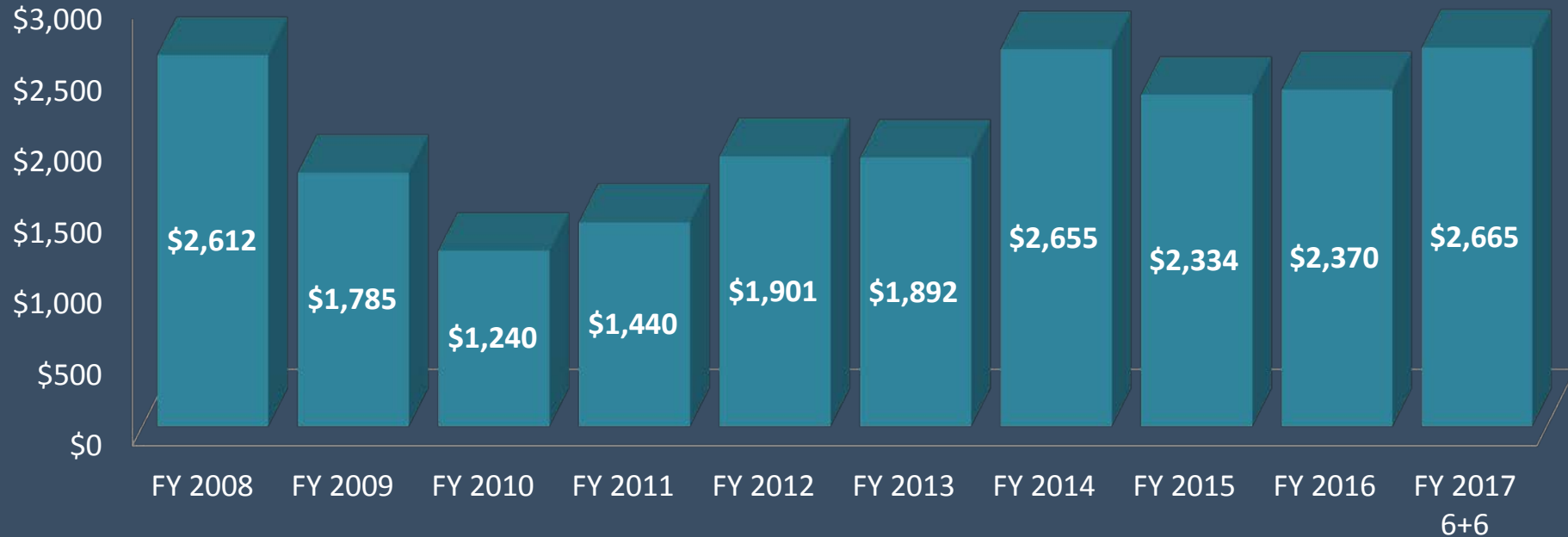
Residential Permit Valuation



Residential permit valuation are back to pre-recession levels

Development Services Fund (\$ in Millions)

Commercial Permit Valuation



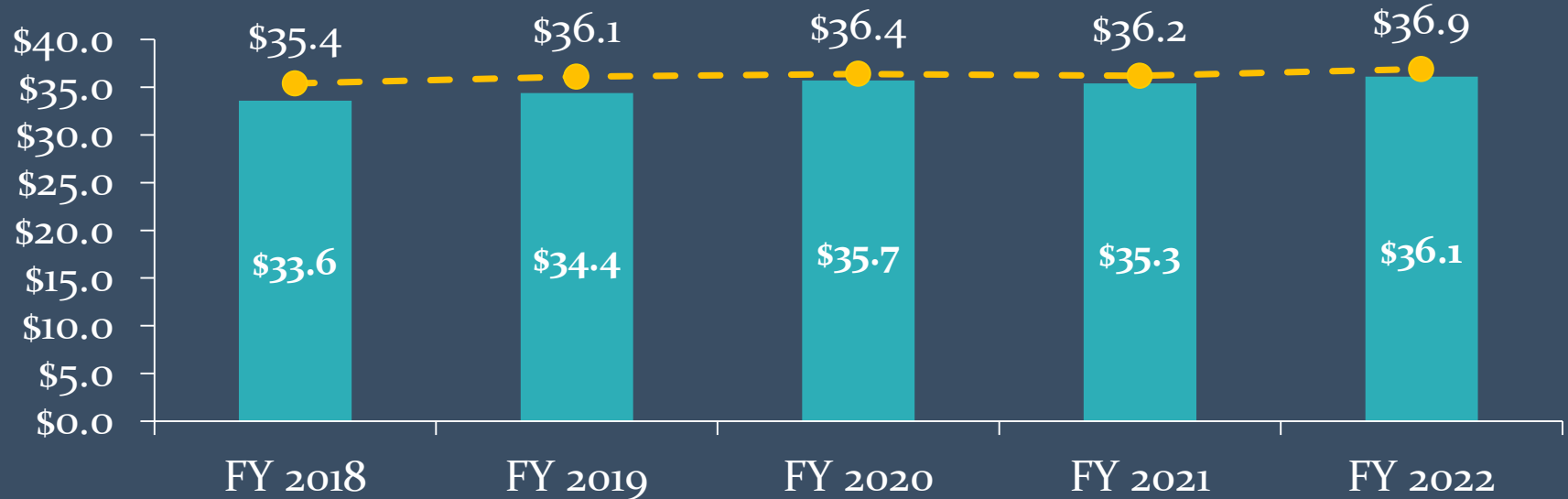
6+6

Development Services Fund

5-Year Forecast (\$ in Millions)

Revenues (Includes Fund Balance)

Expenditures (Includes amount added to Financial Reserves)



Surplus

\$1.8

\$1.7

\$0.7

\$0.9

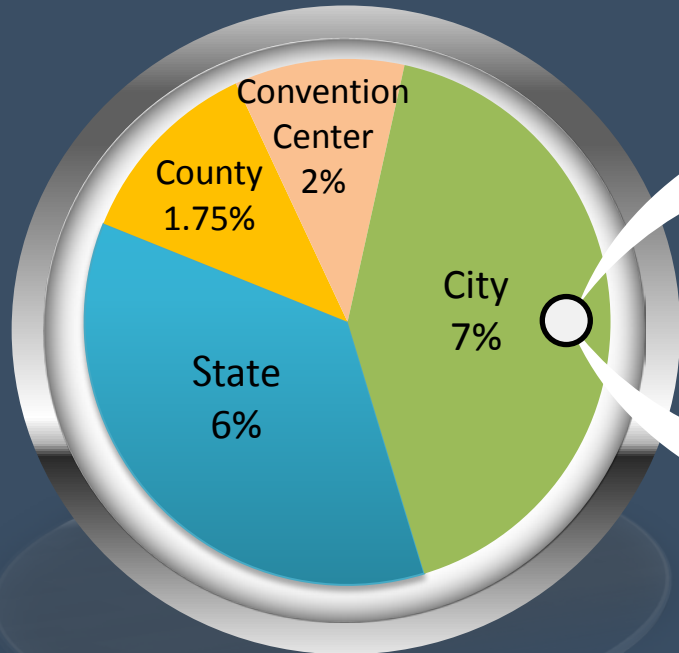
\$0.8

FY 2018 to FY 2022 Five Year Forecast – Hotel Occupancy Tax

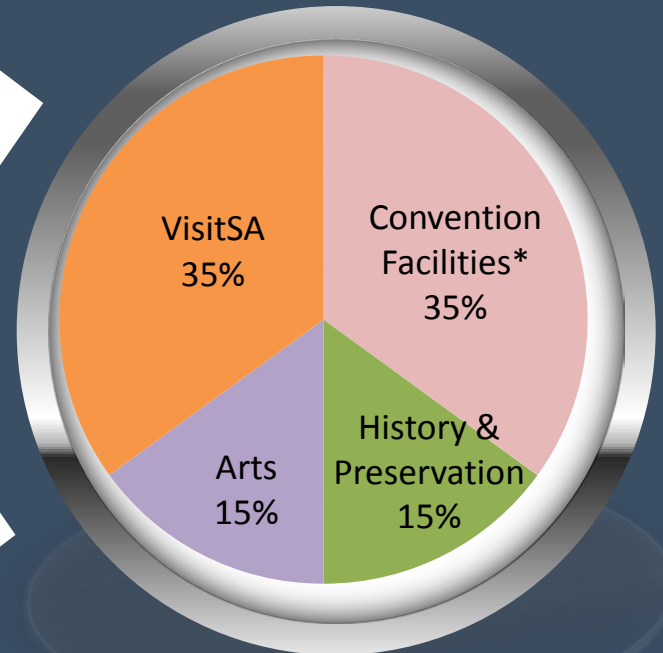


Hotel Occupancy Tax Rate

Adopted FY 2017 Hotel Occupancy Tax
(HOT) Rate (16.75%)



Adopted Allocation of City's 7% of
HOT Rate



* Department supported by Alamodome and Convention Center Revenues

Hotel Occupancy Tax Fund Revenues

(\$ in Millions)



2nd Quarter Results

Budget	Actuals	Variance
\$31.5	\$32.2	\$0.7



FY 2017 Estimate

Budget	Estimate	Variance
\$65.7	\$66.4	\$0.7

Hotel Occupancy Tax Fund Expenses

Departments supported by HOT tax within Budget



\$42.8 Million



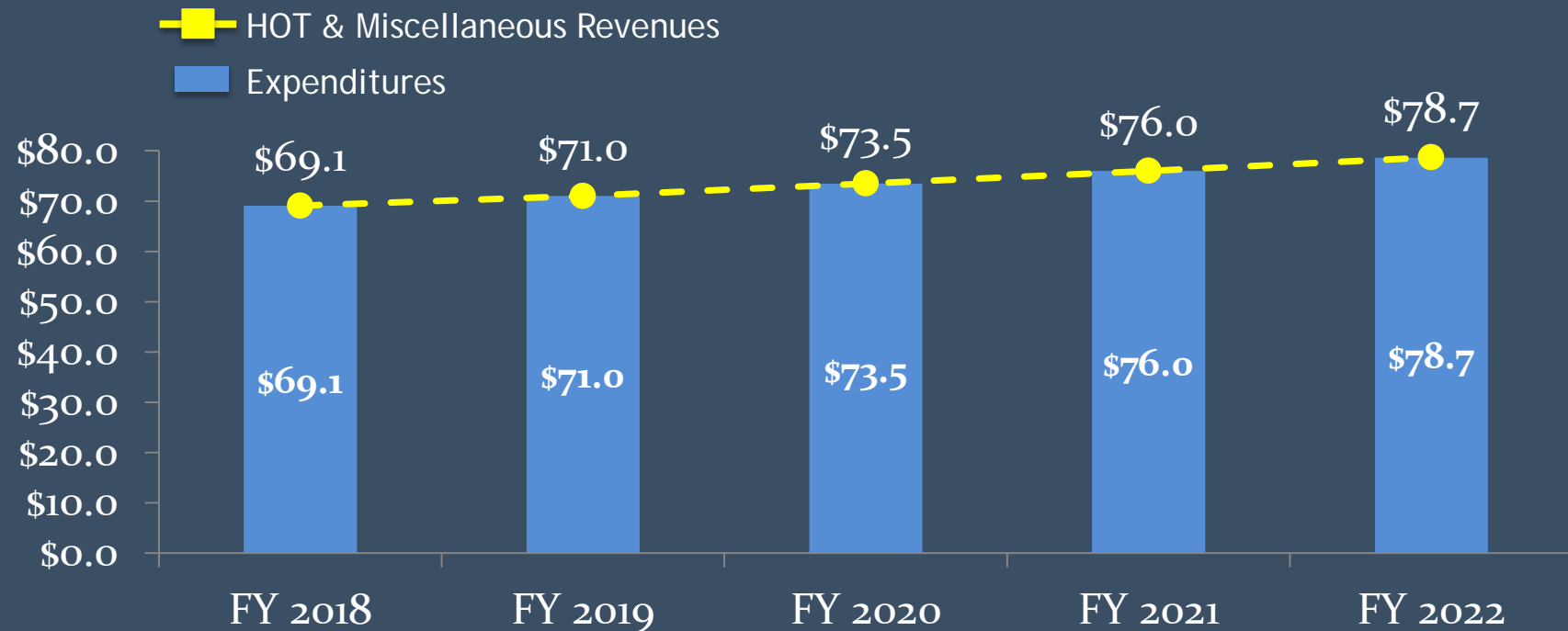
\$22.8 Million



\$10.3 Million

Hotel Occupancy Tax

5-Year Forecast (\$ in Millions)



Surplus

\$0.0

\$0.0

\$0.0

\$0.0

\$0.0

FY 2018 to FY 2022 Five Year Forecast – Solid Waste



FY 2017 Solid Waste Fund Revenues

2nd Quarter Financial Results

2nd Quarter

\$52.5M		\$53.6M
Budget		Actual

\$1.1 Million

Ahead of Budget

FY 2017 Estimate

\$104.9M		\$106.8M
Budget		Estimate

\$1.9 Million

Ahead of Budget

FY 2017 Solid Waste Fund Expenditures

2nd Quarter Financial Results

2nd Quarter

\$55.6M		\$55.6M
Budget		Actual

\$31,000

Less Spending

FY 2017 Estimate

\$113.3M		\$113.2M
Budget		Estimate

\$63,000

Less Spending

Solid Waste Forecast Assumptions



Organics



Recycling

Garbage

April 2017 – Pay as
You Throw fully
Implemented

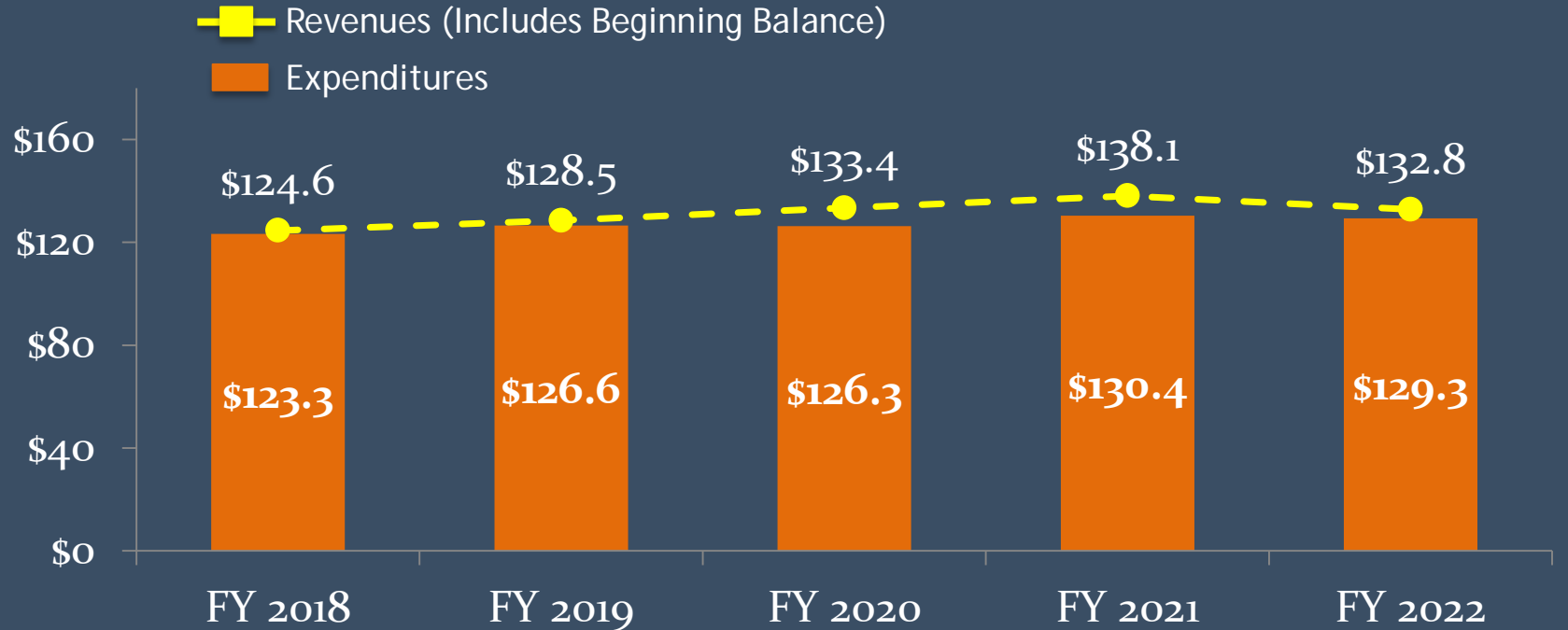
- ✓ Includes resources to reduce Contamination through inspections, Education and Marketing
- ✓ Adds crews and equipment to address increased participation in organics program

Solid Waste Monthly Rate

	2017 <i>Current</i>	2018 <i>Projected</i>	2019 <i>Projected</i>	2020 <i>Projected</i>	2021 <i>Projected</i>	2022 <i>Projected</i>
 48 Gallons	\$20.43	\$19.93	\$19.43	\$18.93	\$18.43	\$17.93
 64 Gallons	\$20.93	\$21.93	\$21.93	\$21.93	\$21.93	\$21.93
 96 Gallons	\$22.18	\$25.43	\$28.68	\$31.93	\$35.18	\$38.43

Solid Waste Fund

5-Year Forecast (\$ in Millions)



Surplus

\$1.3

\$1.9

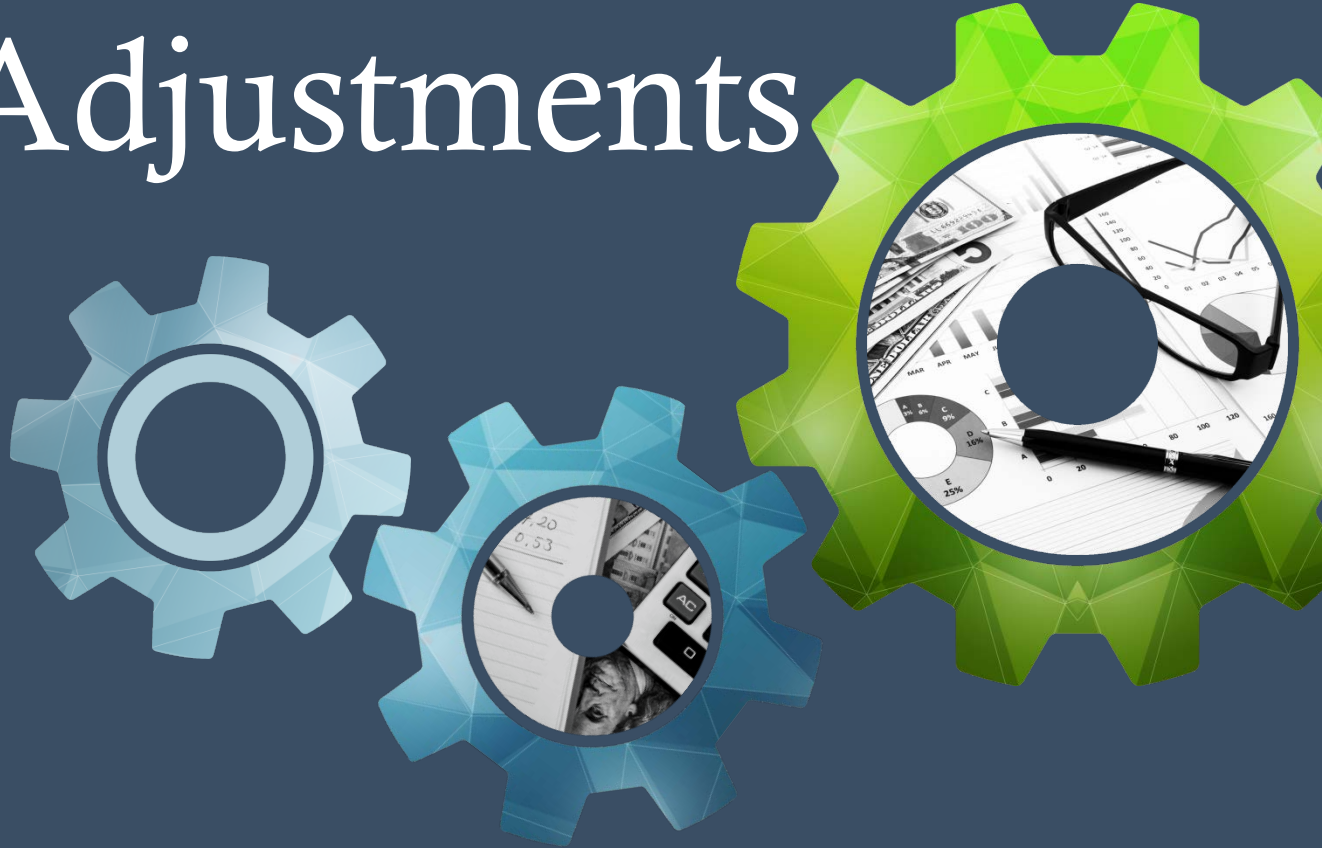
\$7.1

\$7.7

\$3.5

50

FY 2017 Mid Year Budget Adjustments



General Fund

Reallocation of \$1M COPS Hiring Grant Match

\$700,000

for 15 new Police
Officers



\$300,000

Cure Violence Program



General Fund

Legal Services for Low-Income Residents - \$150,000



- Services for veterans, landlord-tenant, ID recovery for Haven for Hope community, immigration, and simple wills
- Partnership with St. Mary's University recommended
- Alternative is to release a Request for Proposal (RFP)

Legal Services for Low-Income San Antonio Residents

- Grant-match opportunity for Immigrant legal services from VERA Institute of Justice
- Keeps families together by assisting immigrants
- Requires a letter of interest by this week
- VERA will invite cities to apply in early May. If COSA is invited to apply, application will be brought to City Council for approval
- Funds will be awarded by VERA before September 2017

General Fund

Augment Ambassador Program - \$30,000



- Current program of \$400,000 supports 120 participants city-wide
- Amendment would double CD2 participants from 10 to 20

Convention, Sports Facilities Fund

Alamodome Improvements - \$3.9 Million

- Adjustment funded with better than projected Alamodome and Convention Revenues
- Smoke Control Testing and general improvements \$633K
- Contractual event staffing \$278K
- Audio System, Video Scoreboards and Wi-Fi
 - Estimated project cost \$9 million; City would invest \$3M and will seek partnerships for the balance

Hotel Occupancy Tax Fund Tricentennial - \$100,000



New Year's Event Support
\$50,000



Fundraising & Marketing
Support \$50,000 ₅₇

Capital Budget

- Budget approved \$1 Million contribution to Child Safe headquarters contingent upon Bexar County Contribution
- CD2 requests removal of condition

Next Steps in FY 2018 Budget Process



Conclusion

- Uncertainty in Federal Budget and potential grant eliminations/reductions
- State revenue caps that would significantly impact the growing needs of the community
- Today, General Fund financial position is slightly better than at budget adoption; recommend reserving better ending balance for FY 2018 Budget

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